

Steven K. Lee, Cal. State Bar #172458
 steve@donahue.com
 Eric A. Handler, Cal. State Bar #224637
 ehandler@donahue.com
 DONAHUE GALLAGHER WOODS LLP
 Attorneys at Law
 1999 Harrison Street, 25th Floor
 Oakland, California 94612-3520
 mail: P.O. Box 12979
 Oakland, California 94604-2979
 Telephone: (510) 451-0544
 Facsimile: (510) 832-1486

Attorneys for Plaintiff
 Purple Heart Patient Center, Inc.

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA

PURPLE HEART PATIENT CENTER,
 INC., a California corporation,

Plaintiff,

v.

MILITARY ORDER OF THE PURPLE
 HEART OF THE UNITED STATES OF
 AMERICA, INC., a United States federally
 chartered corporation; and MILITARY
 ORDER OF THE PURPLE HEART
 SERVICE FOUNDATION, INC., a
 Wisconsin corporation,

Defendants.

Case No.

C13- 902

**COMPLAINT FOR
 DECLARATORY RELIEF**

As and for its complaint against defendants Military Order of the Purple Heart of the United States of America, Inc. and Military Order of the Purple Heart Service Foundation, Inc. (collectively, "Defendants"), plaintiff Purple Heart Patient Center, Inc. ("Patient Center") alleges:

THE PARTIES

1. Patient Center is a California corporation with a principal place of business at 415 4th Street, Oakland, California, 94607, which is within Alameda County, California.
2. Patient Center is informed and believes, and based thereon alleges, that defendant

FILED
 FEB 28 2013
 RICHARD W. WIEKING
 CLERK, U.S. DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 OAKLAND

ADR

HRL

1 Military Order of the Purple Heart of the United States of America, Inc. ("Military Order"): (a) is
 2 a United States federally chartered corporation with a principal place of business in Springfield,
 3 Virginia; and (b) is composed only of men and women who received the Purple Heart Medal
 4 from the United States government.

5 3. Patient Center is informed and believes, and based thereon alleges, that defendant
 6 Military Order of the Purple Heart Service Foundation, Inc. ("Service Foundation"): (a) is a
 7 Wisconsin corporation with a principal place of business in Annandale, Virginia; and (b) is an
 8 entity that raises funds for Military Order.

9 **JURISDICTION, VENUE, AND INTRADISTRICT ASSIGNMENT**

10 **Jurisdiction**

11 4. This case is a civil action arising in the first instance under the trademark laws of
 12 the United States, 15 U.S.C. § 1051, et seq. (the "Lanham Act"). This Court has subject matter
 13 jurisdiction over Patient Center's declaratory relief/trademark-related claims pursuant to 15
 14 U.S.C. § 1114, et seq. (trademark infringement and cybersquatting), 28 U.S.C. § 1331 (federal
 15 subject matter jurisdiction), 28 U.S.C. § 1338(a) (trademark actions), and 28 U.S.C. § 2201(a)
 16 (declaratory relief). This Court also has diversity jurisdiction pursuant to 28 U.S.C. § 1332
 17 because there is complete diversity of the parties and the amount in dispute purportedly
 18 (according to assertions made by Defendants) exceeds \$75,000 exclusive of interest and costs.

19 **Venue**

20 5. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391(b)(2) because a
 21 substantial part of the events and/or omissions giving rise to the claims pled herein occurred in
 22 this District.

23 **Intradistrict Assignment**

24 6. Because this matter is an Intellectual Property Action, there is no basis for
 25 assignment to a particular location or division of the Court pursuant to Civil L.R. 3-2(c).

26 **GENERAL ALLEGATIONS**

27 7. Patient Center is a City of Oakland Licensed Medical Cannabis Dispensary
 28 operating exclusively in Oakland, Alameda County, California. Since its inception, Patient

1 Center has operated pursuant to a permit issued by the City of Oakland. Each of Patient Center's
2 patient customers is a medical patient who has obtained a written referral under California state
3 law from a licensed physician allowing that patient to obtain and use medicinal cannabis to treat
4 certain medical conditions (each, a "Physician Referral"). Individuals cannot make purchases
5 from Patient Center without first obtaining a written Physician Referral in accordance with
6 California state law.

7 8. To provide cannabis with significant medicinal properties and related goods to its
8 patient customers, Patient Center has operated: (a) since 2006, a store in Oakland, California (the
9 "Patient Center Store"); and (b) since 2008, a website (the "Patient Center Website") accessible at
10 www.purpleheartpc.org (the "Patient Center Domain"). A patient customer of Patient Center
11 cannot enter the Patient Center Store without first presenting Patient Center with proof of having
12 obtained a current Physician Referral.

13 9. The essence of Patient Center's mission is to provide cannabis with significant
14 medicinal properties to qualified patients for their use in treating specific illnesses from which
15 they suffer as set forth under California law. Patient Center has never solicited or processed
16 donations of goods or services for resale to the public under the guise of charitable fundraising
17 nor advertised itself in connection with any such activities. Patient Center has never advertised
18 its goods or services in connection with the Purple Heart medal or any magazine. Patient Center
19 has never provided scholarships or financial assistance to any student. Patient Center has never
20 provided counseling services to its patient customers nor any services for drug and/or alcohol
21 addiction.

22 10. Some of the most widely sought after medicinal cannabis products, known for
23 their significant medicinal benefits, are flowers purple in color and include a well-known
24 cannabis strain named "Granddaddy Purple," which is almost exclusively available in California
25 and believed to be first cultivated in and around Oakland, California since before the Patient
26 Center came into existence. Patient Center therefore: (a) considers the location of the Patient
27 Center Store in Oakland, California to be the "heart" or very common location where purple-
28 tinged cannabis with significant medicinal properties can be found; and (b) asserts that, among

1 relevant consumers who shop for goods from Patient Center, the phrase “purple heart” has come
2 to mean cannabis with significant medicinal properties originating from within or around the
3 Oakland, California community in which Patient Center transacts its business. Accordingly,
4 Patient Center chose the name “Purple Heart Patient Center” based strictly on these facts, and its
5 selection of its name had nothing to do with the Purple Heart medal, either of the Defendants –
6 whose existence Patient Center did not even know about before being recently contacted by
7 Defendants for the first time as described below, nor any of the products or services offered by
8 Defendants in conjunction with their trade or service marks or otherwise.

9 11. Patient Center is informed and believes, and based thereon alleges, that Military
10 Order: (a) was formed and exists to protect the interests of individuals who have received the
11 Purple Heart medal from the United States government; and (b) has a membership composed
12 exclusively of recipients of the Purple Heart medal.

13 12. Patient Center is informed and believes, and based thereon alleges, that: (a)
14 Service Foundation is the exclusive national fundraiser for Military Order; and (b) the purpose
15 and objective of Service Foundation are to raise monies for service, welfare, and rehabilitation
16 work in connection with Military Order members, other veterans, and their families (collectively,
17 “Defendants’ Constituents”).

18 13. Patient Center is informed and believes, and based thereon alleges, that neither
19 Military Order nor Service Foundation promotes the acquisition and use of medicinal cannabis as
20 medicine for the treatment of any illness. To the contrary, Patient Center is informed and
21 believes, and based thereon alleges, that Defendants actively and expressly campaign and
22 advocate against medicinal cannabis use as part of their concerted efforts to provide alcohol and
23 drug abuse treatment services to Defendants’ Constituents.

24 14. Patient Center is informed and believes, and based thereon alleges, that to
25 accomplish their missions Defendants also solicit donations of money, operate donation programs
26 for used clothing, household goods, and vehicles, publish a magazine, provide tuition
27 scholarships and financial aid, and provide counseling services to Defendants’ Constituents.
28 Again, Patient Center does not engage in any such activities directed to Defendants’ Constituents

1 or otherwise.

2 15. Patient Center is informed and believes, and based thereon alleges, that Defendants
3 purportedly own trademark registrations maintained by the United States Patent and Trademark
4 Office associated with following registration numbers (collectively, "Defendants' Registrations")
5 as used in connection with the goods or services described below (collectively, "Defendants'
6 Goods/Services"):

7 • 2,206,761 – design mark stating in part "MILITARY ORDER OF THE
8 PURPLE HEART 1782 1932" and which registration covers the sale of "cloth flags, flag sets and
9 banners";

10 • 2,206,762 – design mark stating in part "MILITARY ORDER PURPLE
11 HEART OF THE U.S.A. 1782 1932" and which registration covers the sale of "plaques";

12 • 2,206,764 – word mark stating "PURPLE HEART" and which registration
13 covers the sale of a "magazine for combat wounded veterans";

14 • 2,206,768 – design mark stating in part "MILITARY ORDER PURPLE
15 HEART OF THE U.S.A. 1782 1932" and which registration covers the sale of "ornamental pins;
16 medals; tie tacks; precious metal money clips; medallions; bolo ties with precious metal tips;
17 clocks; watches";

18 • 2,208,425 – design mark stating in part "MILITARY ORDER OF THE
19 PURPLE HEART SERVICE FOUNDATION" and which registration covers "providing
20 scholarships, tuition assistance and financial aid to combat-wounded veterans, their dependents
21 and survivors";

22 • 2,212,475 – design mark stating in part "MILITARY ORDER PURPLE
23 HEART OF THE U.S.A. 1782 1932" and which registration covers the sale of "ball point pens,
24 decals, informational brochures about military history and fraternal activities for combat-
25 wounded veterans";

26 • 3,735,894 – design mark stating in part "MILITARY ORDER PURPLE
27 HEART OF THE U.S.A. 1782 1932" and which registration covers the sale of "[b]rief bags"; and

28 • 3,738,805 – design mark stating in part "MILITARY ORDER PURPLE

1 HEART OF THE U.S.A. 1782 1932” and which registration covers the sale of “[d]uffle bags and
2 brief bags.”

3 16. Patient Center received a letter dated January 22, 2013 from an attorney purporting
4 to represent Defendants. Therein Defendants:

5 a. Alleged they “have extensively used the ‘Purple Heart’ trademark in
6 connection with various charitable fundraising and veterans’ services, including providing
7 scholarships, tuition assistance and financial aid, publishing a magazine on veterans’ issues, and
8 providing rehabilitation and assistance to indigent, needy, and physically, mentally and socially
9 handicapped American veterans of wars”;

10 b. Alleged Patient Center’s “use of ‘Purple Heart’ in connection with [the
11 Patient Center Website and Store] . . . is likely to cause confusion in the marketplace, and trades
12 on the goodwill established in the ‘Purple Heart’ mark by [Defendants]”; and

13 c. Demanded Patient Center cease and desist from further use of the PURPLE
14 HEART mark and transfer ownership to Defendants of the Patient Center Domain.

15 17. Patient Center responded to Defendants’ January 22, 2013 letter by:

16 a. Arguing to Defendants, among other things, that there is no likelihood of
17 confusion between Patient Center’s use of the PURPLE HEART mark and the use thereof by
18 Defendants considering: (i) the completely different audiences to which the parties communicate
19 in connection with their respective uses of the mark; (ii) the inherently conflicting goods and
20 services being provided by the parties in connection with the mark (e.g., Patient Center’s
21 provision of medicinal cannabis to its patient customers versus Defendants’ provision of alcohol
22 and drug abuse treatment services to Defendants’ Constituents); (iii) the fact that none of
23 Defendants’ Goods/Services as described in Defendants’ Registrations have any relationship with
24 or connection to the medicinal cannabis sold by Patient Center in tandem with its use of the mark;
25 (iv) the fact that anyone interested in purchasing Patient Center’s medicinal cannabis has to first
26 obtain a written Physician Referral after which such patients should be well aware that the goods
27 offered by Patient Center have nothing to do with Defendants nor the goods or services offered by
28 Defendants (including without limitation Defendants’ Goods/Services); and (v) the fact that any

1 actual or prospective customer of Defendants would have to obtain a written Physician Referral
 2 before purchasing medicinal cannabis from Patient Center and accordingly would know through
 3 that process that Patient Center is not affiliated with Defendants; and

4 b. Informing Defendants that Patient Center was willing to place a disclaimer
 5 on the Patient Center Website stating Patient Center's non-affiliation with Defendants.

6 18. Consistent with its response to Defendants' January 22, 2013 letter, Patient Center
 7 has posted a disclaimer on the Patient Center Website explaining that Patient Center "is not
 8 affiliated with the 'Military Order of the Purple Heart' or the 'Military Order of the Purple Heart
 9 Service Foundation, Inc.'"

10 19. Patient Center received a second letter dated February 11, 2013 from the same
 11 attorney purporting to represent Defendants. Therein Defendants alleged that services provided
 12 by Patient Center "overlap with medical services sponsored by" Service Foundation, such as the
 13 latter's provision of "grants designed to improve and gain knowledge about providing
 14 rehabilitation services to those suffering from [Post Traumatic Stress]" and funding of studies into
 15 "associated behavioral health problems including . . . alcohol/drug abuse" Also therein,
 16 Defendants reiterated their demand that Patient Center cease and desist from further use of the
 17 PURPLE HEART mark else Defendants would initiate litigation against Patient Center.

18 20. As an enclosure to the aforementioned February 11, 2013 letter from their
 19 attorney, Defendants provided Patient Center with a draft complaint stating various claims against
 20 Patient Center for alleged trademark infringement under the Lanham Act, common law trademark
 21 infringement, cybersquatting under the Lanham Act, and state law unfair competition.

22 **FIRST CLAIM FOR DECLARATORY RELIEF**

23 **(No Trademark Infringement Liability)**

24 21. Patient Center realleges and incorporates by this reference as though fully set forth
 25 below the allegations contained in paragraph 1 through 20 above.

26 22. An actual controversy has arisen and now exists between the parties relating to
 27 Defendants' allegations (collectively, the "Trademark Infringement Allegations") that:

28 a. Patient Center has purportedly used the PURPLE HEART mark to give the

1 relevant public (which Patient Center believes is the potential and actual customer base of Patient
 2 Center) a false impression that Defendants have authorized or are otherwise associated with
 3 Patient Center's goods or services;

4 b. Patient Center has purportedly used the PURPLE HEART mark in the
 5 Patient Center Domain to falsely attract internet users seeking information about Defendants'
 6 services or who are interested in supporting Defendants;

7 c. Patient Center's use of the PURPLE HEART mark is purportedly likely to
 8 cause confusion or mistake, or to deceive the relevant public into falsely believing, that Patient
 9 Center is approved or sponsored by Defendants;

10 d. Patient Center's use of the PURPLE HEART mark supposedly constitutes
 11 willful infringement by Patient Center of one or more of Defendants' Registrations under the
 12 Section 32(1) of the Lanham Act;

13 e. Among the relevant public the PURPLE HEART mark has purportedly
 14 come to represent and symbolize the reputation and goodwill associated with Defendants; and

15 f. Patient Center's use of the PURPLE HEART mark supposedly subjects
 16 Patient Center for liability for common law trademark infringement in violation of the Lanham
 17 Act § 43(a) (15 U.S.C. § 1125).

18 23. A declaratory judgment is therefore necessary in that: Defendants contend the
 19 Trademark Infringement Allegations are true; and Patient Center denies the truth of the
 20 Trademark Infringement Allegations.

21 WHEREFORE, Patient Center prays for a declaratory judgment against Defendants and in
 22 favor of Patient Center as set forth below.

23 **SECOND CLAIM FOR DECLARATORY RELIEF**

24 **(No Cybersquatting Liability)**

25 24. Patient Center realleges and incorporates by this reference as though fully set forth
 26 below the allegations contained in paragraph 1 through 23 above.

27 25. An actual controversy has arisen and now exists between the parties relating to
 28 Defendants' allegations (collectively, the "Cybersquatting Allegations") that Patient Center's

1 registration and use of the Patient Center Domain purportedly:

- 2 a. Constitutes bad faith;
- 3 b. Violates the Anticybersquatting Consumer Protection Act, 15 U.S.C. §
- 4 1125(d); and
- 5 c. Will cause irreparable harm to Defendants.

6 26. A declaratory judgment is thus necessary in that: Defendants contend the
7 Cybersquatting Allegations are true; and Patient Center denies the truth of the Cybersquatting
8 Allegations.

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Patient Center prays for a declaratory judgment against Defendants and in
11 favor of Patient Center as follows:

12 1. That the Court declare the respective rights and duties of Patient Center and
13 Defendants as to whether Patient Center can be held liable to Defendants, or either of them, for
14 having allegedly infringed any of Defendants' Registrations or any other trade or service mark
15 registration owned by Defendants, or either of them, in violation of 15 U.S.C. § 1114;

16 2. That the Court declare the respective rights and duties of Patient Center and
17 Defendants as to whether Patient Center can be held liable to Defendants, or either of them, for
18 having allegedly engaged in common law trademark infringement of the rights of Defendants, or
19 either of them, pursuant to 15 U.S.C. § 1125(a);

20 3. That the Court declare the respective rights and duties of Patient Center and
21 Defendants as to whether Patient Center can be held liable to Defendants, or either of them, for
22 cybersquatting in connection with the Patient Center Domain pursuant to 15 U.S.C. § 1125(d);

23 4. That Patient Center be awarded its costs, expenses, and attorney's fees incurred
24 herein; and

25 ///

26 ///

27 ///

28 ///

5. For such other and further relief as the Court deems just and proper.

Dated: February 27, 2013

DONAHUE GALLAGHER WOODS LLP

By: 

Eric A. Handler
Attorneys for Plaintiff
Purple Heart Patient Center, Inc.